

CHAPTER 7 CONSTRUCTION CONTRACT ADMINISTRATION

7.1 RELATED STATUTORY AUTHORITY

- A. SC Law Section 11-35-1220 permits the Chief Procurement Officer to prescribe forms for requisitioning, ordering and reporting supplies, services and construction.
- B. SC Law Section 11-35-3030 permits a maximum of five percent (5%) of progress payments to be retained pending completion of the work.
- C. SC Law Section 11-35-3040 permits clauses providing for adjustment in prices, time of performance and other appropriate contract provisions.
- D. SC Law Section 11-35-3060 requires all construction contracts, including contract modifications, to be within the project's scope and budget as approved by the State Budget and Control Board (the Board).
- E. SC Law Section 29-6-30 requires an agency to pay to a contractor the undisputed amount of any pay request within 21 days of receipt of the pay request. The law further requires that the contractor pay its subcontractors, and each subcontractor shall pay their subcontractors, within 7 days of receipt by the contractor or subcontractor. This law applies to all state contractors, including design professionals.
- F. SC Law Section 29-6-40 provides grounds on which the agency, contractor, or subcontractor may withhold application and certification for payment.
- G. SC Law Section 29-6-50 permits a contractor to assess interest in the amount of one percent per month of the unpaid undisputed amount of a periodic or final pay request not paid within 21 days of receipt of the pay request, providing notice is given as required by the law.

7.2 OSE RELATED FORMS

The following OSE standard forms are referred to in this Chapter. Reproducible copies of these forms may be found in the Appendix indicated.

- A. SE-240, *South Carolina Professional Services Contract*, which may be found in Appendix A.
- B. SE-405, *Substantial Completion Agreement*, which may be found in Appendix C.
- C. SE-420, *Construction Change Directive*, which may be found in Appendix C.
- D. SE-470, *Notice of Claim*, which may be found in Appendix B.
- E. SE-480, *Construction Change Order*, which may be found in Appendix B.
- F. SE-490, *Assessment of Contract Liquidated Damages*, which may be found in Appendix C.
- G. SE-495, *Contractor/Subcontractor Performance Evaluation*, which may be found in Appendix C.
- H. SE-550A, *Certificate of Full or Partial Substantial Completion*, which may be found in Appendix C.
- I. SE-550C, *Contractor's Request for Certificate of Full or Partial Substantial Completion*, which may be found in Appendix C.
- J. SE-560C, *Certificate of Final Completion*, which may be found in Appendix C.
- K. SE-590, *Certificate of Occupancy*, which may be found in Appendix C.

7.3 PRE-CONSTRUCTION CONFERENCE

- A. A Pre-Construction Conference shall be held for all contracts exceeding \$25,000 in value. OSE strongly recommends Pre-Construction conferences for all other projects.
- B. The Pre-Construction Conference shall be conducted by the agency's Project Representative and the A/E's Project Manager. Other attendees should include the agency's construction project manager (if assigned), construction inspectors, the general contractor, major subcontractors, and the OSE Project

Manager. The A/E shall take minutes of the meeting and provide all attendees with a copy of the items discussed.

- C. The agency shall give the OSE Project Manager a minimum of seven days notice of the date, time and place of any pre-construction conference.
- D. Items for discussion during the Pre-Construction Conference are provided in Table 7.3-1, which is located at the end of this Chapter.

7.4 CONSTRUCTION SCHEDULES

- A. The Contractor is responsible for providing a construction schedule for the Agency's and A/E's information. The required level of detail should be defined in the Contract Documents. At a minimum, the schedule shall:
 - 1. Indicate dates for Commencement, Substantial Completion, and Final Completion;
 - 2. Provide a graphical representation of the major events to occur on the project, including coordination of the project with the work of others, if any;
 - 3. Provide a graphical representation of each phase of construction and occupancy;
 - 4. Indicate dates that are critical to the project (milestone dates which include Substantial and Final Completion).
- B. The initial overall schedule shall not exceed the time allowed in the Contract Documents for construction.
- C. The Contractor shall submit an updated project schedule, showing the current status of completion, with each pay application.
- D. The Contractor's schedule shall be revised at appropriate intervals to reflect approved time extensions.
- E. The Contractor shall perform the work of the project in accordance with the sequences shown in the most recent schedule as provided to the Agency and A/E or give timely notice to the Agency and the A/E of the need to deviate from the planned work sequence.
- F. Should the Contractor's overall actual progress fall behind in the planned progress shown in the latest approved schedule by more than four weeks, the A/E shall notify the Agency, OSE, and Contractor in writing.
 - 1. The A/E shall review the schedule with the Contractor to determine the appropriate corrective action.
 - 2. The Contractor shall provide a new schedule indicating the action that will be taken to recover from delayed progress and shall report the progress of the recovery at frequent, regular intervals to the A/E and Agency.
 - 3. The A/E shall verify the progress of the recovery effort and report on the Contractor's activities to the Agency and Contractor.

7.5 SHOP DRAWINGS

- A. The Contractor is responsible for preparation of shop drawings that are required by the technical specifications.
 - 1. The Contractor is responsible for reviewing the submittals prepared by its subcontractors and suppliers to ensure compliance with the requirements of the Contract Documents.
 - 2. The Contractor shall approve, reject, or obtain corrections prior to submitting to the A/E.
- B. The A/E shall review and approve (with or without conditions), reject, or take other appropriate action on Shop Drawings that are submitted as required by the Contract Documents.
- C. The A/E shall complete the shop drawing review in a timely manner, in accordance with the contract and as agreed upon during the Pre-Construction Conference.

D. The Fire Protection Sprinkler Shop Drawings requirements are as follows:

1. Sprinkler shop drawings shall be prepared for every fire protection sprinkler system (as defined in SC Law section 23-45-30(6)).
2. Sprinkler shop drawings shall have the Fire Sprinkler System Specification sheet from the Project Manual attached to the shop drawings and shall be prepared in accordance with Chapter 5 of this Manual.
3. Shop drawings must bear the stamp, authorized signature, and license number of the Fire Sprinkler Contractor licensed in South Carolina who prepared them.
4. The sprinkler shop drawings, the accompanying Fire Sprinkler System Specification Sheet, and any specification sheets prepared for the installation of the system shall be reviewed and approved by the professional engineer of record before submittal to the State Fire Marshal and OSE Project Manager.
5. A copy of the final approved shop drawings shall be submitted to OSE.
6. The Contractor shall submit a copy of the Certificate of Compliance certifying the fire sprinkler system was designed and installed in accordance with the Fire Sprinkler System Specification Sheet. The Certificate of Compliance must be delivered to the Agency, OSE, and the State Fire Marshal's office on the State Fire Marshal's approved form before a Certificate of Occupancy will be issued.

7.6 EVALUATION OF SUBSTITUTIONS

- A. The Contractor may submit requests to provide materials and equipment different from that specified in the Contract Documents. The Agency has the sole discretion to accept or reject any of these requests.
- B. The A/E shall evaluate and make a recommendation to the Agency as to the acceptability of substitution of materials or equipment proposed by the Contractor.
- C. The A/E should consider the benefit that will be provided to the project and the State when considering a request for substitution after the project has started. The evaluation of substitutions should include, but is not limited to:
 1. Time savings for the project;
 2. Cost savings to the Agency, either immediate or long-term reductions in operating and maintenance costs;
 3. Quality improvement;
 4. Impact on other trades and work that may be associated with the proposed substitution, including agency operating and maintenance requirements;
 5. Impact on construction schedule;
 6. Availability of products;
 7. Enhancement of overall performance.

7.7 INSPECTIONS

- A. During the construction period, the OSE and any other legally constituted authority shall have access to the project premises for periodic inspections.
- B. The A/E's Basic Services may include site visits, observations, inspections of work-in-progress, Substantial Completion inspections, Final Completion inspections and other inspections per the A/E contract.
 1. Periodic visits by the A/E or his representative may vary with the progress of the work and other conditions, but shall average not less than one visit per week during the course of construction.

2. The A/E shall provide re-inspection of work not in compliance with the contract documents and supplemental inspections as required.
3. The A/E shall submit to the agency, at least once a month, a written report of his visits, including his findings and the progress of the project.
- C. The A/E's inspections of the work in progress shall include, as a minimum, spot checks of the work installed and work in progress to determine compliance with the Contract Documents, including codes and the installation and workmanship requirements specified.
- D. The A/E shall conduct more formal checks or inspections as may be required in the Contract Documents. These are typically defined as:
 1. Witness Point. Inspection by the A/E after the Contractor gives timely advance notice that an element of work is expected to progress to a defined point (i.e., underground piping ready for leak testing prior to backfilling). The Contractor can continue working if the A/E does not perform the inspection.
 2. Hold Point. Inspection by the A/E after the Contractor gives advance notice that an element of work is expected to progress to a defined point (i.e., post-erection inspection of a critical structural component). The Contractor cannot continue work in that area until the A/E performs the inspection and approves the work.
- E. Defective work is work that does not conform to the Contract Documents, comply with codes, or conform to shop drawings. Defective and non-compliant work shall be noted on the A/E's inspection reports and communicated to the Contractor and Agency.
 1. The A/E may disapprove defective work.
 2. The A/E may reject any work that will not result in a completed project that meets the requirements of the Contract Documents.
- F. Typical Inspections that are required by the Contract must be performed and documented.
- G. The Agency shall procure and provide structural tests and special inspections in accordance with Chapter 17 of the International Building Code. The A/E shall provide the services relating to the proper installation of structural systems, including the review of applicable inspection and test reports submitted by others.
- H. The Contractor is responsible for notifying the designated (county, city, private inspection company, etc.) inspection agency having authority and responsibility for inspections when the construction progresses to a point that requires an inspection.
- I. Those responsible for inspections shall maintain a record of all inspections and reports for submission to the A/E. Records of inspections shall be maintained by, but not limited to, the following:
 1. Design Professionals responsible for visual observation for general conformance of the construction documents at significant construction stages.
 2. Those responsible for special inspections.
 3. Inspectors of materials, installation, fabrication, erection or placement of components requiring special expertise to ensure compliance with the construction documents and referenced standards.
 4. Testing Companies, where inspectors are responsible for testing and determining strength of materials.
 5. Local Building Department inspectors where Typical Inspection services have been obtained.

NOTE: The Contractor is responsible for paying for Typical Inspection services when they are available from the local Building Department. When such inspection services are not available, the Agency shall have these inspections performed at the Agency's expense.

7.8 SUBSTITUTION OF SUBCONTRACTORS

- A. GENERAL.** A Contractor is not required to engage the services of a prospective subcontractor against whom the Agency or the General Contractor has made a reasonable and timely objection. A Contractor may substitute one prospective subcontractor for another, with the approval of the Agency as follows:
1. If the Contractor requests the substitution, the Contractor is responsible for all costs associated with the substitution.
 2. If the Agency requests the substitution, then the Agency is responsible for any increased costs to the Contractor as a result of the substitution.
 3. If the Contractor has engaged a subcontractor against whom the Agency has reasonable objection, the Agency's request for substitution shall be considered a termination for the convenience of the State and the Agency is responsible for any increased costs to the Contractor as a result of the termination and substitution.
- B. SUBSTITUTION OF LISTED SUBCONTRACTORS.** A Listed Subcontractor may be substituted only under conditions allowed by Section 11-35-3020, paragraph (2)(b)(iii) of the Procurement Code.
1. No prime contractor whose bid is accepted shall substitute any person as subcontractor in place of the subcontractor listed in the original Bid Form, except for one or more of the following reasons:
 - (a) Upon a showing satisfactory to the using agency by the contractor that a subcontractor who was listed is not financially responsible;
 - (b) Upon a showing satisfactory to the using agency by the contractor that the scope of work bid by a listed subcontractor did not include a portion of the work required in the plans and specifications, and the exclusion is not clearly set forth in the listed subcontractor's original bid;
 - (c) Upon a showing satisfactory to the using agency made by the contractor within 4 working days of the bid opening that the subcontractor was listed as a result of an inadvertent clerical error;
 - (d) Upon a showing satisfactory to the using agency by the contractor that the listed subcontractor failed or refused to submit a performance and [labor and material] payment bond when requested by the prime contractor, after the subcontractor had represented to the prime contractor that he could obtain a performance bond or a labor and material payment bond;
 - (e) Upon a showing satisfactory to the using agency by the contractor that the listed subcontractor is required to be licensed and does not have the license by the time it is required by law;
 - (f) When the listed subcontractor fails or refuses to perform his subcontract;
 - (g) When the work of the listed subcontractor is found by the using agency to be substantially unsatisfactory;
 - (h) Upon mutual agreement of the contractor and subcontractor; or
 - (i) With the consent of the using agency for good cause shown.
 2. The request for substitution must be made to the using agency in writing. This written request does not give rise to any private right of action against the prime contractor in the absence of actual malice.
- C.** Where substitution is allowed, the prime contractor, before obtaining prices from any other subcontractor, must attempt in good faith to negotiate a subcontract with at least one subcontractor whose bid was received prior to the submission of the prime contractor's bid.

7.9 CHANGE ORDERS: GENERAL INFORMATION

- A. A Change Order is any written amendment to a construction contract that is agreed upon by all of the parties to the contract. A Change Order normally modifies one or more of the following elements of the Contract:
 - 1. Scope of Work
 - 2. Contract Sum
 - 3. Contract Time
- B. Under no circumstances shall the Contractor proceed with the work of a Change Order (SE-480) until the Change Order is approved by the Agency. If the amount of the Change Order exceeds the limit of the Agency's Change Order Certification the State Engineer must authorize the Agency to proceed prior to any work being performed.
- C. When the original construction contract was authorized by the State Engineer on Form SE-380, then Change Orders to that contract shall be sent to the OSE as required in paragraph 7.14.
- D. When the original construction contract was authorized by the Agency within the Agency's Construction Certification, Change Orders to that contract shall be sent to the OSE as required in paragraph 7.15.
- E. Change Orders to all contracts (except Indefinite Delivery) shall be documented using Form SE-480. Change Orders submitted to OSE for either authorization or information shall be in numerical sequence and signed by the Contractor, the A/E, and the Agency.
- F. A Change Order may include a single item of work or it may include several distinct items of work.
 - 1. For the purpose of determining whether the Agency or the OSE can authorize the work:
 - (a) The value of a Change Order item is the total cost required to complete an individual item of work. For example: installation of a drinking fountain may take mechanical, electrical, plumbing, carpentry, painting, and wall covering installation to complete the individual work item.
 - (b) The value of the individual item determines whether or not the State Engineer's authorization is required.
 - (c) The value determination applies to any change in work whether it deducts or adds to the contract amount.
 - 2. An Agency or A/E shall not break down a Change Order into separate, related items of work for the purpose of circumventing the requirement for authorization by the State Engineer. For example, a Change Order adding a parking lot to a contract shall not be broken down into separate items such as one for grading and one for paving.
- G. For adverse weather delays, only an extension of time shall be granted.
- H. The Agency shall verify that the Contractor is providing adequate labor and material payment bond coverage for the full amount of the contract, including change orders, for the duration of the project.
- I. A Change Order that is signed by the Contractor and the Agency represents an accord and satisfaction, and fully extinguishes the claims of the parties related to the subject of the Change Order.
 - 1. Reservation of rights shall not be permitted to be included in a change order. A Change Order is all inclusive of the subject of the Change Order, including changes in Contract Time.
 - 2. If the parties cannot reach full agreement on the impact of a change in the work on any element of the Contract (Scope, Cost or Time), the Agency shall use a Form SE-420 to maintain progress of the Work, pending full resolution of the matter.

7.10 CHANGE ORDERS: REQUIRED SUBMITTALS

- A. Changes Orders requiring OSE authorization (see Chapter 3 of this Manual for levels of Construction Procurement Certification) shall contain the following:
 - 1. The original and one copy of the completed SE-480, including the Contractor's "Request for Change Order" (page 2 of the SE-480).
 - 2. One copy of the supporting cost and schedule data to the OSE Project Manager for review and approval (pages 3 and 4 of the SE-480, plus supporting documentation).
 - (a) The documentation provided must include sufficient detail to thoroughly explain the scope of work covered by the Change Order. Attach plans, specifications, details, written description, adjustments in cost with back-up information, and quantities of material and labor as required for explanation.
 - (b) Contractor's justification for adjustment in the contract sum shall include properly itemized and substantiating data with sufficient detail to show the following:
 - (1) The cost involved is both reasonable and fair to all concerned;
 - (2) The cost is appropriately related to the quantities of materials and labor involved.
 - (3) The amount of the contractor's markup (overhead, profit and commission) as indicated in paragraph 7.12.
- B. Changes Orders approved by the Agency to a contract originally authorized by the OSE shall be submitted to the OSE containing the following:
 - 1. One copy of the SE-480, including the Contractor's Request for Change Order.
 - 2. One copy of the supporting cost and schedule data to the OSE Project Manager for information.
 - 3. Documentation with sufficient detail to thoroughly explain the scope of work covered by the Change Order. Attach plans, specifications, details, written description, etc. as required for explanation.

7.11 CHANGE ORDERS: REVIEW AND AUTHORIZATION

- A. If the Change Order is submitted for the State Engineer's authorization, the OSE will review the Change Order and the attached documentation. The OSE may request additional information or clarification, particularly if the Change Order affects compliance with the building codes. After the review is complete, the OSE will return a copy of the signed SE-480 to the Agency.
- B. If the Change Order is submitted to OSE for information only, the OSE will review the Change Order and the attached documentation. The OSE may request additional information or clarification, particularly if the Change Order affects compliance with the building codes.
- C. Failure to obtain the State Engineer's authorization for a Change Order, when required by agency certification limits, results in the Change Order being an unauthorized procurement requiring ratification. (See Chapter 1, paragraph 1.14 RATIFICATION OF UNAUTHORIZED PROCUREMENTS in this Manual.).
- D. Failure to submit Agency-approved change orders for the State Engineer's information within the time specified below in Paragraph 7.14.B could result in corrective work having to be made on the project in an untimely manner to bring the project into compliance with code requirements.

7.12 CHANGE ORDERS: ALLOWABLE CONTRACTOR MARKUPS

- A. Adjustments to the Contract Sum for allowable overhead, commission and profit on a Change Order shall apply to each element of the Change Order using the percentages listed below.
- B. The allowable percentages shall include all indirect costs (such as field managers, supervisors and assistants, incidental job burdens, small tools, and general overhead allocations). Only the Contractor, subcontractor, and a sub-subcontractor (three levels of contractors) are allowed to claim Overhead, Profit and Commission. Commission is defined as the allowable profit on work performed by others.

1. To the Contractor or subcontractor on work performed by their own forces:

<u>Overhead (%)</u>	<u>Profit (%)</u>	<u>Commission (%)</u>
10	7	0

2. To the Contractor or subcontractor on work performed by its subcontractors:

<u>Overhead (%)</u>	<u>Profit (%)</u>	<u>Commission (%)</u>
10	0	3

3. To a first tier subcontractor on work performed by its subcontractors

<u>Overhead (%)</u>	<u>Profit (%)</u>	<u>Commission (%)</u>
10	0	3

- C. No more than three levels of overhead, profit, and commission shall be allowed regardless of the number of subcontractor tiers.
- D. The Contractor or subcontractor shall not be allowed overhead or commission on the overhead, profit and/or commission received by its subcontractors.
- E. Changes to the Contract Sum that are a decrease (e.g., deleted work) shall include Overhead, Profit, and Commission as set above.

7.13 CHANGE ORDERS: DELAYS AND TIME

- A. When Delays, either individually or taken in aggregate, cause the Contract Time to be increased by more than seven (7) days, the Contractor is allowed an adjustment in the Contract Sum.
- B. If a change to the Contract Time is involved, the change order must include all additional direct costs, if any, associated with the additional time, as allowed by the Contract.
- C. A claim for Time must be initiated by the Contractor in writing within 21 days after the occurrence of the event giving rise to the claim or within 21 days of discovering the condition giving rise to the claim, whichever occurs later.
- D. A claim for Time shall include any associated costs and the effect the delay will have on the progress of the work.
 1. Only one claim is necessary when an on-going delay is evident during a project.
 2. Time shall be based on one additional calendar day for each full calendar day that the Contractor is prevented from working.
- E. Contractor's claims for time must be evaluated promptly to avoid claims for acceleration and damages. An adjustment in Contract Time shall be documented on a Form SE-480 executed by the Agency within 14 days after the Contractor submits written notice of the claim for additional time, provided that:
 1. Any request for adjustment of time must include written substantiation and justification for the change.
 2. The A/E shall provide written justification with the Change Order as to why any time claimed has been denied.
 3. Any extension of time prior to Substantial Completion shall be approved by the Agency and sent to the OSE for information.
 4. Any extension of time that is requested after Substantial Completion must be approved by the State Engineer.
 5. A claim for Time is not to be extended or accumulated during the construction period. Change Directives are not to be converted to Change Orders until time claims and contract values are resolved.

7.14 CHANGE ORDERS: CONTRACTS ABOVE AGENCY CONSTRUCTION CERTIFICATION

When the original construction contract award exceeds the Agency's construction certification limit, Change Orders shall be authorized as follows:

- A.** If the Change Order has any item or change in work which exceeds the Agency's construction change order certification limit, then the Change Order shall be authorized by the State Engineer prior to the Contractor performing any work.
 - 1. The agency shall send the Change Order, along with all substantiating data noted in Paragraph 7.10.A., to the OSE for review and approval.
 - 2. This applies to a change in work which deducts from the contract amount as well as a change in work that adds to the contract amount.
- B.** If the Change Order has all items or changes in work within the Agency's construction change order certification limit, then the Agency may authorize the work.
 - 1. The agency shall send a copy of the Change Order, along with all substantiating data noted in Paragraph 7.10.B, to the OSE for information within 30 days of the Agency's authorization of any item included in the Change Order.
 - 2. This applies to a change in work which deducts from the contract amount as well as a change in work that adds to the contract amount.

7.15 CHANGE ORDERS: CONTRACTS WITHIN AGENCY CONSTRUCTION CERTIFICATION

When the original construction contract is within the Agency's construction certification limit, Change Orders shall be authorized as follows:

- A.** If the Change Order does not cause the total construction contract amount to exceed the Agency's construction certification limit, then the Agency may authorize the work. The agency does not need to notify the OSE of these Change Orders.
- B.** If the Change Order causes the total construction contract amount to exceed the Agency's construction certification limit, then the Change Order must be approved by the State Engineer prior to the Contractor performing any work.
 - 1. The agency shall submit the Change Order to the OSE on Form SE-480, along with all items listed in Chapter 3, paragraph 3.13 (describing how the construction contract was procured) for review and approval.
 - 2. The construction contract shall thereafter be administered as a contract that originally exceeded the Agency's construction certification limit, as described in Paragraph 7.14.

7.16 OMITTED

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7.17 CHANGE DIRECTIVES: GENERAL

- A.** A Change Directive allows the Agency to direct the Contractor to make urgently needed changes in the scope of the construction contract without completing the Change Order process described above. In the event that time is of the essence, the use of a Construction Change Directive may provide relief for the time that it may take for the Agency and the Contractor to reach full agreement on the cost or time impact of a change in scope.
- B.** An agency may issue Change Directives as necessary. The Agency's Construction Change Order Certification limit does not apply.

- C. A Change Directive shall be used in all cases where there is a lack of total agreement between the Agency and the Contractor on the cost and schedule impact of all item(s) contained in a Change Order.
- D. When a Construction Change Directive provides for an adjustment to the Contract Sum, the final adjustment will be made using one of the following methods:
 - 1. By agreement on a fixed price adjustment;
 - 2. By unit prices specified in the Contract or subsequently agreed upon;
 - 3. By costs attributable to the event or situation covered by the relevant clause in the contract, including overhead, commission and profit, if otherwise allowed;
 - 4. In such other manner as the parties may mutually agree for time and materials; or,
 - 5. If the parties cannot agree on a method, the A/E shall determine the costs attributable to the event or situation in accordance with the terms of the construction contract.
- E. Portions of a Change Directive that are not in dispute may be included in future Applications for Payment from the Contractor.
- F. Change Directives shall be numbered sequentially and separately from Change Orders (i.e. Change Directive No. 1, Change Directive No. 2, etc.).

7.18 CHANGE DIRECTIVES: SUBMITTALS

- A. Form SE-420 shall be signed by the A/E and the Agency, directing a change in the work and stating a proposed basis for adjustment, if any, in the Contract Sum, Contract Time, or both.
- B. The Contractor may, but is not required to, sign the SE-420.
- C. The Agency shall submit any Change Directive which is estimated to exceed the Agency's Construction Change Order Certification to the OSE for review, after the Change Directive has been signed by both the A/E and the Agency.
 - 1. The Change Directive shall be accompanied by attachments and documentation with sufficient detail to provide an explanation of the scope or work that is in the Change Directive.
 - 2. The Change Directive must be submitted to OSE at the same time it is issued to the Contractor.
- D. The OSE's review will be primarily for any impact of the revised scope of work on compliance with building codes and other State standards. Any concerns raised by this review will be communicated to the Agency. The Change Directive will not otherwise be acknowledged by OSE.

7.19 CHANGE DIRECTIVES: CONVERSION TO CHANGE ORDERS

- A. If the contractor has accepted the Change Directive, the A/E shall convert the Change Directive into a Change Order within thirty (30) days.
- B. When the Agency and the contractor have negotiated a final agreement on the adjustments to the Contract Sum and the Contract Time related to the Change Directive, the Change Directive shall be converted to a Change Order.
- C. When the Change Directive is converted to a Change Order, the Change Directive number shall be identified under the section "Adjustments in the Contract Scope" of the SE-480. (For example, Change Order No. 4 might show the "Adjustments in the Contract Scope" to be "All work included in the attached Change Directive No. 1.")
- D. The Change Order shall be processed as required by Paragraphs 7.14 or 7.15, as applicable.

7.20 RESOLUTION OF CONSTRUCTION CLAIMS AND DISPUTES

A. CONSTRUCTION CLAIMS BY THE AGENCY OR CONTRACTOR

1. The Contractor is the only entity entitled to submit a Construction Claim to the Agency and vice versa.
2. Claims should be submitted using Form SE-470.
3. Prior to the A/E's certification of the Contractor's final payment request, the A/E shall assist the Agency and the Contractor with any Claims, as required by the A/E's contract.
 - (a) As part of its Basic Services, the A/E shall act as the initial interpreter of the requirements of the Construction Documents and provide information to the Agency and the Contractor concerning the acceptability of the work.
 - (b) Claims must be submitted in writing by the Agency or the Contractor to the A/E as required by the contract for construction and must be supported by adequate documentation.
 - (c) The A/E will review Claims as required by its contract with the Agency, and either approve or reject Claims by providing a written decision, giving reasons for the decision. The A/E will notify those involved of any recommended changes in the Contract Sum or Contract Time.
 - (d) If the A/E's initial decision is acceptable to the Agency and the Contractor, the A/E shall prepare a Change Order, with supporting documentation, for review and approval by the Agency and the Contractor, and the OSE, if required.
 - (e) If the A/E's initial decision is not acceptable to the Agency or the Contractor, the Agency should first attempt to resolve the Claim by mutual agreement. The State Engineer strongly urges that every available means be used by the Agency and the Contractor to resolve all Claims through negotiations and informal mediation. The OSE's Project Managers are available to assist.
4. After the Agency's approval of the Contractor's final payment, any claim between the Agency and Contractor that occurs shall be submitted directly to the State Engineer, preferably using Form SE-470.

B. CLAIMS BY OTHERS

1. The Contractor shall be responsible for resolving all Claims between its suppliers and subcontractors.
2. When requested by the Contractor, the Agency should assist the Contractor, suppliers or subcontractors in resolving their disputes.
3. When the Agency has been made aware that suppliers or subcontractors are not being paid, the Agency should discuss this with the Contractor and notify the surety company. If requested by the Agency:
 - (a) The Contractor shall provide justification for not paying the subcontractor or supplier.
 - (b) The A/E, if requested, shall render an opinion to the Agency as to the Contractor's justification for the lack of payment to a subcontractor or supplier.
 - (c) The Agency should cooperate with the surety in responding to claims of non-payment from subcontractors and suppliers.
4. Pending resolution of claims by others, the Agency may consider withholding appropriate sums as allowed by the contract for construction, but only if such withholding is required to protect the interests of the State.

C. DISPUTES OR UNRESOLVED CLAIMS

1. Only the Agency, the A/E and its direct consultants, and the Contractor and its direct subcontractors are entitled to submit a request for resolution of a contract controversy to the Office of State Engineer.

2. Such requests shall be submitted to the State Engineer for dispute resolution in accordance with the procedures described in Chapter 1.
3. For disputes between the Agency and the Contractor, the Agency shall notify the Contractor's surety company promptly and factually about all unresolved contract controversies, using extreme care to provide the surety company with accurate information and not making careless statements that could result in a libel lawsuit, or otherwise adversely affect the Agency's rights to redress.
4. For disputes between the Agency and the A/E, the Agency shall notify the A/E's professional liability insurance carrier promptly and factually about all unresolved contract controversies, using extreme care to provide the insurance company with accurate information and not making careless statements that could result in a libel lawsuit, or otherwise adversely affect the Agency's rights to redress.

7.21 APPLICATION AND CERTIFICATE FOR PAYMENT

- A. The Contractor shall submit applications for payment to the A/E in the form of AIA Documents G702 and G703. If no A/E or other outside consultant is used, the Contractor shall submit its pay applications directly to the Agency.
 1. The A/E shall review the Contractor's Application for Payment and accompanying progress schedules and other back-up information.
 2. Based on the A/E's on-site observations, the A/E shall determine the amounts due the Contractor and submit recommendations for payment in writing to the Agency.
- B. After review and certification of the amounts due the Contractor, the A/E shall send the applications for payment to the Agency.

7.22 PROGRESS PAYMENTS TO CONTRACTORS


- A. When a Contractor has performed in accordance with the provisions of its contract, the Agency shall pay the Contractor the undisputed amount of any pay request within 21 days of receipt of that pay request by the Agency. (In reference to this requirement of the law, the A/E is considered to be the Agency, as the A/E is acting as the Agency's representative).
- B. The Contractor shall make payment to its subcontractor(s) and each Subcontractor shall make payment to its Subcontractor(s) on undisputed amounts within seven days of receipt by the Contractor or Subcontractor of each periodic or final payment for that Contractor's (or Subcontractor's) completed work.
- C. If a payment to a Contractor is delayed by more than 21 days, or if a payment to a Subcontractor is delayed by more than seven days after receipt of the payment, the Agency, Contractor or Subcontractor shall pay its Contractor or Subcontractor interest, beginning on the due date, at the rate of one percent a month or pro rata fraction thereof on the unpaid balance as may be due. However, no interest is due unless the person being charged interest was notified at the time request for payment was made that such interest may be due.

7.23 WITHHOLDING PAYMENT TO CONTRACTORS

- A. In addition to any retainage stated in the contract for construction, the Agency shall withhold additional amounts as required to protect the interest's of the State. Reasons for additional withholding include:
 1. Cost of repairing defective work not remedied (see Paragraph 7.7, for rejection of defective work);
 2. Third party claims filed or reasonable evidence indicating probable filing of such claims, unless security acceptable to the Agency is provided by the Contractor;
 3. Failure of the Contractor to make payments promptly and properly to laborers, suppliers, vendors and subcontractors or for labor, materials or equipment;

4. Reasonable evidence that the Work cannot be completed for the unpaid balance of the Contract Sum;
 5. Damage to the Agency or another contractor;
 6. Reasonable evidence that the Work will not be completed within the Contract Time, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; or
 7. Persistent failure to complete or carry out the work in accordance with the contract documents.
- B.** When it has been determined to the Agency's satisfaction that unsatisfactory job progress has caused or will cause the actual contract time to exceed the specified (or adjusted) contract time, and if the contract includes a provision for assessing actual or liquidated damages, payment shall be withheld from the contractor in amounts necessary to cover the anticipated damages. Such amounts to cover damages for late completion are in addition to retainage, the balance for incomplete work and any amounts withheld for the reasons stated above.

7.24 RETAINED AMOUNTS OF PROGRESS PAYMENTS (RETAINAGE)

- A.** In any contract for construction which provides for progress payments in installments based upon an estimated percentage of completion, the retained amount of each progress payment shall be no more than five percent (5%) of the payment. 
- B.** When the work to be performed is to be by multiple prime contractors or by a contractor and multiple subcontractors, the work contracted to be done by each individual contractor or subcontractor will be considered a separate division of the contract for the purpose of retainage.
- C.** As each such division of the contract is certified by the A/E and the surety company as completed, that portion of the retained funds which is allocable to the completed division shall be released to the prime contractor, who shall, within 10 days of its receipt, release to the subcontractor responsible for the completed work, the full amount of any retainage withheld.
- D.** Upon final completion of the work, retained amounts of progress payments not previously released to the contractor shall be included in the final payment to the contractor.

7.25 SUBSTANTIAL COMPLETION

A. GENERAL

1. Form SE-405, as agreed to by the A/E, the Contractor and the Agency during the Preconstruction Conference, shall be reviewed to ensure all items are completed, operational and documented as required to support the A/E's declaration of Substantial Completion.
2. If it is agreed during the Preconstruction Conference that the project will be completed in stages and that one or more Partial Substantial Completion declarations are appropriate, then the requirements for each declaration shall be defined on a separate SE-405.
3. Substantial Completion shall be declared by the A/E only if construction is sufficiently complete, in accordance with the contract documents, such that the Agency can occupy or utilize the project (or a portion) for the use for which it is intended.
 - (a) The work to be completed shall be minor in nature. Examples include:
 - (1) minor paint touch-up,
 - (2) electrical receptacle cover plate replacement,
 - (3) adjustments to hardware that is in place,
 - (4) adjustments to windows,
 - (5) repair to minor items.
 - (b) The work to be completed shall not unduly disrupt the occupants or prevent them from carrying out their normal functions.

4. The Contractor is responsible to correct work that is rejected or fails to conform to the requirements of the contract documents, whether such work is discovered before or after Substantial Completion.

B. INSPECTIONS FOR SUBSTANTIAL COMPLETION

1. In response to the Contractors' request, and prior to scheduling a Substantial Completion Inspection, the A/E shall verify that the project is ready for a Substantial Completion inspection and shall so inform the Agency and the OSE in writing by its endorsement of the SE-550C.
2. The Contractor shall provide the A/E with the following material for review prior to the Substantial Completion inspection, as appropriate for the specific project:
 - (1) the Contractor's Punch List of uncompleted work;
 - (2) maintenance and operating instructions and schedules;
 - (3) general maintenance information that is not included in the instructions;
 - (4) all warranty/guaranty information in bound form;
 - (5) bonds (roofing, termite, coatings, finishes, equipment, etc.);
 - (6) certifications of inspection;
 - (7) certifications of on-site training of Agency personnel;
 - (8) test results;
 - (9) marked record (field) drawings indicating changes (for use by the A/E to develop "as built" drawings);
 - (10) schedules indicating the projected final completion of the project;
 - (11) other similar material required by the Contract Documents.
3. The Agency shall give the OSE a minimum of 10 (ten) days notice of the date, time and place of the Substantial Completion inspection so that the OSE Project Manager may attend. Where applicable, the following shall be present for the inspection, unless their attendance is specifically waived by the Agency in writing:
 - (a) A/E's Architect of Record;
 - (b) Mechanical Engineer of Record;
 - (c) Electrical Engineer of Record;
 - (d) Other design professionals as applicable;
 - (e) State and Local Fire Marshal's representatives;
 - (f) Other authorities having jurisdiction.
4. The A/E shall provide, or otherwise obtain, the following approvals as appropriate for the specific project:
 - (a) Civil Engineer of Record for site drainage and storm water retention systems construction.
 - (b) Mechanical Engineer of Record for mechanical and plumbing systems operation.
 - (c) Structural Engineer of Record for special tests and inspections.
 - (d) Electrical Engineer of Record for electrical systems operation, including fire alarm and detection systems.
 - (e) State and Local Fire Marshals for fire alarm and protection systems.
 - (f) Office of State Engineer for Occupancy.
5. If additional Substantial Completion inspections are required, the Contractor shall reimburse the Agency for all costs of reinspection. If necessary the Agency may deduct the costs of reinspection from payments due the contractor.

C. DECLARATIONS OF SUBSTANTIAL COMPLETION

1. The A/E shall declare Substantial Completion by issuing a Form SE-550A, signed by the A/E and the Agency.

2. The SE-550A shall indicate the number of days allowed until final completion, per the contract documents.
 - (a) If the number of days stipulated in the contract is revised by agreement between the A/E, Contractor, and Agency, the change in time shall be documented.
 - (b) An SE-480 with attached documentation shall be submitted and approved by the State Engineer when days are changed after Substantial Completion.
3. The Agency shall submit a copy of the fully executed SE-550A to the OSE.
4. The Agency shall obtain permanent insurance on the work from the Insurance Reserve Fund as soon as the SE-550A is issued.
5. The Declaration of Substantial Completion shall terminate the Agency's right to impose Step 1 liquidated damages (if any) and will establish the beginning date for the warranty period. If Step 1 liquidated damages are stated in the contract documents:
 - (a) The Agency shall assess liquidated damages if the actual time to achieve Substantial Completion exceeds the time allowed by the contract. This assessment is mandatory and may not be waived by the Agency.
 - (b) The assessment of Liquidated Damages shall be documented using Form SE-490.
 - (c) The Contractor's signature, while recommended, is not required on the completed SE-490. The assessment of Liquidated Damages is NOT a change to the original contract. DO NOT use Form SE-480, for assessing Liquidated Damages.
 - (d) The Agency shall not increase the Contract Time after Substantial Completion, unless requested by the Contractor for a valid reason and as approved by the OSE.

7.26 CERTIFICATE OF OCCUPANCY

- A. The State Engineer or his designee will issue a Form SE-590 for any building or structure that is constructed or renovated with state funds, or is built on state property.
 1. No building shall be used or occupied and no change in the occupancy classification shall occur until the State Engineer has issued a Certificate of Occupancy.
 2. The issuance of a Certificate of Occupancy shall not be construed as an approval of final completion.
 3. The Certificate of Occupancy shall be issued by the State Engineer when the following have been completed:
 - (a) The OSE Project Manager receives and accepts all A/E inspection reports,
 - (b) The A/E provides copies of tests to the Agency (and OSE as requested) for the following:
 - (1) Fire sprinkler system,
 - (2) Mechanical equipment,
 - (3) Plumbing (including domestic water sanitary testing)
 - (4) Fire Alarm,
 - (5) Electrical,
 - (6) Emergency power,
 - (7) Structural,
 - (8) Soil,
 - (9) Other testing that may be listed in the contract documents.
 - (c) The A/E and Agency have received all items that are required for Substantial Completion (see paragraph 7.24) per the approved SE-405 and the contract documents.
- B. The A/E inspects the building or structure and determines the construction to be in accordance with the Contract Documents.

- C. A Certificate of Occupancy is required for all buildings and structures for which a Building Permit is required. Refer to Section 105 of the International Building Code for a listing of work that is exempt from permitting. Agencies shall coordinate with OSE to determine if a Building Permit and Certificate of Occupancy are required for a specific project.
- D. The State Engineer or his designee can issue a temporary certificate of occupancy before the entire work is complete, provided that such portion of the work is safe to be occupied.
- E. The State Engineer has the authority to suspend or revoke a Certificate of Occupancy if:
 - 1. The certificate is issued in error;
 - 2. The certificate is issued on the basis of incorrect information supplied;
 - 3. It is determined that the building or structure (or a portion thereof) is in violation of any part of the building codes.

7.27 RECORD DOCUMENTS

- A. The Contractor shall maintain on the job-site one record set of plans and specifications and other documents as approved for construction. This record set shall be annotated concurrently with construction progress, and not less than weekly, to show actual revisions to the Work.
- B. The record set shall be made available to the A/E, the Agency, the OSE and any inspection authorities at any time.
- C. The Contractor shall ensure its entries are complete and accurate, enabling future reference by the Agency.
 - 1. Specifications shall be marked legibly in each product section to provide a description of actual products installed, including the following:
 - (a) Manufacturer's name and product model and number.
 - (b) Product substitutions or alternates utilized.
 - (c) Changes made by Addenda and modifications.
 - 2. Record Drawings [and Shop Drawings] shall be marked legibly to record actual construction including:
 - (a) Measured depths of foundations in relation to finished first or main floor datum.
 - (b) Measured horizontal and vertical locations of underground utilities and appurtenances, referenced to permanent surface improvements.
 - (c) Measured locations of internal utilities and appurtenances concealed in construction, referenced to visible and accessible features of the Work.
 - (d) Field changes of dimension and detail.
 - (e) Details not on original Contract drawings.
 - 3. The Contractor shall submit its record documents to the A/E with the Contractor's request for the Substantial Completion inspection.
- D. The Contractor shall supply the A/E with the Contractors' "red-line" drawings with markups. The A/E shall review the information in relation to the A/E's own records of site observations, inspections and any interpretations, change directives or change orders issued to the Contractor. The A/E and the Contractor shall attempt to reconcile any discrepancies.
 - 1. The A/E shall transfer the Contractor's data, as reconciled, to the A/E's "Record Drawings" for submission to the Agency.
 - 2. The resolution of all review comments on the Contractors' "red-line" documents, and the Agency's review and acceptance of these documents shall be required prior to the A/E's certification of the Contractor's final payment application.

- E. The A/E shall submit to the Agency one set of record documents (including reproducible plans which reflect all changes that are on the "red line" drawings and specifications provided by the contractor) and warranty/guaranty information in accordance with the A/E's contract.
 - 1. The A/E must produce Record Documents if these are required by the A/E's contract with the Agency. The responsibility for the production of record documents cannot be delegated to the General Contractor.
 - 2. Drawings furnished on computer media (diskettes, tapes, etc.) cannot be substituted for the required record drawings, but may be in addition to reproducible record drawings.

7.28 FINAL COMPLETION

A. GENERAL

- 1. The Contractor shall complete all unfinished work, correct all deficiencies and achieve Final Completion no later than thirty (30) days after Substantial Completion, unless a different period was allowed in the Bidding Documents or the time allowed is modified by change order.
- 2. The Contractor shall notify the Agency, using Form SE-560C of the anticipated date of Final Completion. The notice shall be given to the A/E at least ten (10) days in advance of the Contractor's requested date for final inspection.

B. FINAL COMPLETION INSPECTION

- 1. When the A/E receives the SE-560C from the Contractor, the A/E will take the following action:
 - (a) Survey the work to verify that the Project is ready for final inspection.
 - (b) If the A/E disagrees with the Contractor's assessment of the status of the Project, the A/E shall notify the Contractor accordingly, noting those areas that are unacceptable.
 - (c) If the A/E agrees with the Contractor's assessment of the status of the Project, the A/E will schedule a Final Completion Inspection, providing the Agency, the OSE Project Manager, and Fire Marshal's Office a minimum of 10 (ten) days notice of the date, and time of the final inspection.
- 2. The A/E will perform the Final Completion Inspection, along with those attending the inspection and, if the results are acceptable, certify the project to be finally complete and submit the SE-560C to the Agency.

C. DECLARATION OF FINAL COMPLETION

The declaration of Final Completion shall terminate the Agency's right to impose Step 2 Liquidated Damages (if any). If Step 2 Liquidated Damages are stated in the contract documents:

- 1. The Agency shall assess Liquidated Damages if the actual time to achieve Final Completion exceeds the time allowed by the contract. This assessment is mandatory and may not be waived by the Agency.
- 2. The assessment of Liquidated Damages shall be documented using Form SE-490.
- 3. The Contractor's signature, while recommended, is not required on the completed SE-490. The assessment of Liquidated Damages is NOT a change to the original contract. DO NOT use Form SE-480, for assessing Liquidated Damages.

7.29 CONTRACT CLOSURE AND FINAL PAYMENT

A. Closure of the construction contract, including final payment to the Contractor, requires the following:

- 1. A Certificate of Final Completion issued by the A/E and accepted by the Agency.
- 2. The Contractor's submission, to the A/E, of the following:
 - (a) An affidavit in the form of the AIA G706 that payrolls, bills for materials and equipment, and other indebtedness connected with the work have been paid.

- (b) A certificate that insurance as required by the Contract Documents shall remain in force after final payment and will not be canceled or allowed to expire until 30 days' written notice has been given the Agency.
 - (1) The certificate shall be in the form of AIA G715 issued by an authorized representative of the insurance company.
 - (2) The form shall be a supplement to the Accord Certificate of Insurance 25S
 - (c) A statement that the Contractor knows of no reason that the insurance will not be renewable to cover the period required by the Contract Documents.
 - (d) Consent of surety, if any, to final payment, in the form of AIA G707.
 - (e) Other information required by the Agency establishing the Contractor's payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims and security interests arising out of the contract, all in the forms as designated by the Agency.
 - (f) Inspection reports that may not be a part of the record documents.
 - (g) A Final Payment Application
- 3. The A/E, if requested by the agency shall submit to the Agency as a part of the closeout, a bound copy of all inspection reports to the Agency and any other documents required by the Agency.
 - 4. The Agency's acknowledgment of the receipt of record documents and warranties, complete and in good order.
- B. Final payment, including all retainages, shall be made upon Final Completion and the Agency's receipt and approval of the Contractor's Final Payment Application.

7.30 CONTRACTOR PERFORMANCE EVALUATION

- A. Contractors and Subcontractors will be evaluated on projects that have a contract price that exceeds \$100,000 or where the Contractor is working on a State Project for the first time.
- B. The completion of the SE-495 shall be based on the instructions issued with the form. See Appendix H for the Contractor Performance Evaluation Instructions.
- C. The Agency should compile preliminary, periodic evaluation forms or information concerning the Contractor's performance during the progress of the project to support the final evaluation of the Contractor at time of the project completion.
 - 1. OSE recommends that the Agency, A/E, and Contractor determine at the time of the Preconstruction Conference when interim evaluations will be completed.
 - 2. Periodically during the project, the Agency, A/E, and Contractor should participate in evaluation conferences to discuss the evaluation and advise the Contractor of any area of improvement.
- D. The Agency shall provide to OSE the rating for each category on the SE-495, along with any comments, within 30 days of final payment and contract closeout.
- E. The OSE Project Manager will enter the evaluation into the OSE performance evaluation files.
- F. A Copy of each completed evaluation can be provided to the Contractor, if requested. The Contractor or subcontractor may submit responses to the evaluation, which will be placed in the appropriate Performance Evaluation File.

7.31 WARRANTY INSPECTION

- A. Based on the requirements of the agreement between the Agency and the A/E, the A/E shall inspect the project for any deficiencies that may have developed during the one-year period after Substantial Completion (warranty period).
 - 1. Warranty items are correction of failed or broken items which require the Contractor to remedy the defect or malfunction without cost to the Agency.

2. Additional warranties (i.e., roofing) may extend the coverage period beyond the one-year period. The extended warranties may require periodic inspections to remain valid.
- B. During the tenth (10th) month after the Dates of Substantial Completion, the A/E shall inspect the project for warranty items that may not have been corrected during the warranty period. Also, the A/E shall inspect the work for any deficiencies that may have developed during the one-year period.
 - C. Upon completion of the inspection, a written report shall be furnished to the Agency, OSE, and the contractor indicating outstanding work to be corrected and warranty issues to be addressed.
 1. Upon receipt of the written report the contractor shall make corrections.
 2. The A/E shall assist the Agency in taking the necessary action to see that the deficiencies are corrected.

NOTE: The A/E's failure to perform the warranty inspection, prior to the end of the warranty period, could void any recourse for warranty work by the contractor or any enforcement under the Performance Bond.

7.32 PROJECT CLOSE-OUT

- A. When an Agency determines that a PIP project is complete, the Agency shall submit a Form A-1 to the Capital Improvements Unit for approval to close out the project.
- B. When an agency determines that a Non-PIP project is complete, the Agency shall submit written notification to the OSE to close out the project.

TABLE 7.3-1. PRE-CONSTRUCTION CONFERENCE

Item No.	PRECONSTRUCTION CONFERENCE ITEM	USER COMMENTS
1.	Introduction of all team members and their responsibilities;	
2.	Project organizational structure and chain of command;	
3.	Duties and expectations of the Agency, A/E, and contractor, including contractor performance evaluation (SE-495) and partnering;	
4.	Contract disputes, mediation, partnering, resolution;	
5.	Project scope of work;	
6.	Schedule of values, schedule of completion;	
7.	Schedule of progress meetings;	
8.	Project work schedule, normal working hours, normal work week;	
9.	Required notice for scheduling overtime, outages, interruptions;	
10.	Safety issues - general and special;	
11.	Temporary and permanent utilities;	
12.	Security, keys, fencing, site access, limited access to certain areas;	
13.	Project sign;	
14.	Designated parking areas, delivery areas;	
15.	Designated storage areas, bonded storage, security;	
16.	Designated toilets, break areas, vending areas, smoking areas;	
17.	Daily clean-up, trash removal, dumpster, trash areas;	

TABLE 7.3-1. PRE-CONSTRUCTION CONFERENCE

Item No.	PRECONSTRUCTION CONFERENCE ITEM	USER COMMENTS
18.	Submittals, shop drawings, testing, reports, approval process;	
19.	Required permits, licenses, local inspections, testing;	
20.	Demolition items to be salvaged for agency, if any, notification, storage area;	
21.	Requirement to locate utilities prior to excavation;	
22.	Contractor's bonds (as required by SC Law), names of surety companies, required notification for claims;	
23.	Builders' Risk Insurance, agency Property Insurance, contractor's insurance;	
24.	Agency furnished equipment, rough-in, trim;	
25.	Application for Payment in the form of AIA G702, payment dates, payment for stored materials;	
26.	Prompt payments to contractors in 21 days, subcontractors 7 days thereafter;	
27.	Timely notification by the Contractor in writing to the A/E of any alleged agency-caused delay and the estimated cost of the delay;	
28.	Additional weather related time extensions monthly;	
29.	Change orders, change directives, clarifications;	
30.	Required inspections by A/E, agency, and inspectors (where applicable),	
31.	Inspection report routing;	
32.	Material and soil testing requirements;	
33.	Review and execute the Substantial Completion Agreement, SE-405,	
34.	Substantial Completion inspection, and notification procedure	

TABLE 7.3-1. PRE-CONSTRUCTION CONFERENCE

Item No.	PRECONSTRUCTION CONFERENCE ITEM	USER COMMENTS
35.	Substantial Completion certification by the A/E on Form SE-550A,	
36.	Occupancy, Partial occupancy;	
37.	Assessment of liquidated damages;	
38.	Required Operation and Maintenance Manuals (provide prior to Substantial Completion);	
39.	Instruction and training of maintenance personnel (provide prior to move-in/occupancy)	
40.	Warranties, manufacturer start-up, guarantees (provide prior to Substantial Completion)	
41.	Record drawings, as built drawings;	
42.	Final Completion inspection, punch list;	
43.	Retainage withheld, consent of surety company before release of retainage;	
44.	Contractor Performance Review	
45.	One year warranty inspection (A/E to inspect the facility 10 months after substantial Completion).	
46.	Contractor is responsible for making corrections to items found during the warranty inspection.	
47.		
48.		
49.		
50.		